

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-10
NSAE-00 PA-02 SS-15 PRS-01 SP-02 USIA-15 TRSE-00
OMB-01 EB-08 NSC-05 /087 W
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R 181823Z AUG 77
FM USMISSION NATO
TO CINCUSAFE RAMSTEIN AB GER
USCINCEUR VAIHINGEN GER
INFO SECSTATE WASHDC 5413
SECDEF WASHDC
CDRNSSG US SHAPE BE

UNCLAS SECTION 01 OF 02 NATO 07912

E.O. 11652: N/A
TAGS: MARR NATO
SUBJECT: SITUATION OF FUNDS FOR EDIP (EUROPEAN DEFENSE
IMPROVEMENT PROGRAM)

REFS: (A) CINCEUR ECJ4/7-LE 12463, 031749Z AUG 77 (NOTAL),
(B) CINCUSAFE 161420Z AUG 77 (NOTAL), (C) USAFE/DEP LETTER,
15 JULY 77 (NOTAL), SUBJ: REQUEST FOR GUIDANCE AND
ASSISTANCE

SUMMARY. RECENT CORRESPONDENCE ON THIS SUBJECT MAY LEAD
TO CONFUSION AND AN EVENTUAL FAILURE TO RECOUP FUNDS DUE
THE US FOR AIRCRAFT SHELTER PREFINANCING. THIS MESSAGE
ATTEMPTS TO CLARIFY THE MATTER SUFFICIENTLY TO ALLOW
RESOLUTION AT A MEETING OF INTERESTED PARTIES, PERHAPS
DURING THE SHAPE INFRASTRUCTURE CONFERENCE IN THE WEEK
OF 10 OCT 77. END SUMMARY.

1. FUNDS CONTRIBUTED BY THE EUROPEAN ALLIES TO THE EDIP
ARE LIMITED TO IAU 150 MILLION. THE INFRASTRUCTURE
COMMITTEE HAS AGREED THAT ANY ADDITIONAL FUNDS REQUIRED
FOR AIRCRAFT SHELTERS MUST COME FROM THE NORMAL INFRA-
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STRUCTURE PROGRAM. TO DATE THE EDIP CONTRIBUTIONS HAVE
REACHED SOME IAU 148 MILLION, THUS LEAVING INSUFFICIENT
FUNDS TO COVER REQUIREMENTS THROUGH END 1977.

2. IN VIEW OF THE FINANCIAL SITUATION THE EDIP COUNTRY
REPS HAVE BEEN EXPLORING METHODS BY WHICH EDIP FUNDING
CAN BE TERMINATED AND FUTURE EXPENDITURE TRANSFERRED

TO THE INFRASTRUCTURE ACCOUNTS WITHOUT DELAYING CONSTRUCTION OF AIRCRAFT SHELTERS. A NATO INTERNATIONAL STAFF (NIS) SUGGESTION TO THE EDIP REPS READS IN PART:

BEING TEXT.

IT WAS DECIDED IN 1972, IN ORDER TO REACH THE ANNUAL CEILING OF IAU 30 MILLION, TO PAY THE UNITED STATES FOR PROJECTS PREFINANCED IN THE FEDERAL REPUBLIC OF GERMANY AND IN ITALY AND FINALLY PROGRAMMED IN SLICE XXIII. THE CONTRIBUTION PAID TO THE UNITED STATES AMOUNTED TO IAU 12,101,000 FOR FOUR AIRFIELDS IN GERMANY, WHOSE FINAL COST IS AS FOLLOWS:

RAMSTEIN IAU 4,130,000
ZWEIBRUCKEN IAU 1,701,000
SPANGDAHLEM IAU 1,851,000
BITBURG IAU 3,315,000

TOTAL IAU 10,997,000

THE PAYMENT TO THE UNITED STATES FOR THE PREFINANCING FOR AVIANO IN ITALY AMOUNTED TO IAU 1,951,000 OF WHICH ONLY IAU 1,777,000 HAVE BEEN SPENT, BUT THE ITALIAN FINANCIAL REPORT SHOWS A LATEST COST ESTIMATE OF IAU 1,843,000 FOR THIS AIRFIELD. THEREFORE, FOR A TOTAL AMOUNT OF IAU UNCLASSIFIED

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14,052,000 ACTUALLY PAID TO THE UNITED STATES, A MAXIMUM EXPENDITURE OF IAU 10,997,000 PLUS 1,843,000 (MAXIMUM), THAT IS, IAU 12,840,000, HAS BEEN INCURRED. THERE IS THUS AN EXCESS OF AT LEAST IAU 1,212,000.

UP TO THE PRESENT, THE EDIP COUNTRIES HAVE NOT ASKED THE UNITED STATES TO PAY BACK THIS EXCESS. TO SETTLE THE ACCOUNTS, THE INTERNATIONAL STAFF BELIEVES THAT SUCH A REQUEST SHOULD BE MADE TO THE UNITED STATES, FOR IT WOULD BE HELPFUL IN PARTIALLY RESOLVING THE PRECEDING PROBLEM.

END TEXT.

3. THE EDIP REPS REQUESTED THAT USNATO INVESTIGATE POSSIBILITIES OF REIMBURSEMENT AS SUGGESTED BY THE NIS, AND WE REQUESTED ASSISTANCE OF EUCOM IN VERIFICATION OF THE NIS FACTS. REF A REQUESTS DATA FROM CINCUSAFE. IN THE MEANTIME, WE RECEIVED REF C FROM USAFE REQUESTING ASSISTANCE IN SECURING REIMBURSEMENT FROM THE FRG MOD FOR, INTER ALIA, SOME IAU 500,000 FOR AIRCRAFT SHELTERS AT HAHN AIR BASE. IN CONSEQUENCE, WE SUGGESTED TO THE

FRG REP AND SUBSEQUENTLY TO THE INFRASTRUCTURE COMMITTEE THAT THEN IS PROPOSAL BE REJECTED AND, INSTEAD, FUTURE PAYMENTS DUE TO USAF BE SIMPLY DEDUCTED FROM THE APPARENT OVERPAYMENT. THE INFRASTRUCTURE COMMITTEE HAS AGREED THAT SUCH A METHOD WOULD BE PREFERABLE IF IT PROVES PRACTICAL.

4. REF B (RESPONSE TO REF A) ATTEMPTS TO SHOW THAT THE ABOVE US SUGGESTION IS FEASIBLE AND QUOTES FIGURES IN PROOF THEREOF. WE NOTE THE FOLLOWING DISCREPANCIES:

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A. USAF EXPENDITURE FIGURES FOR THE FOUR AIRFIELDS CITED BY THE NIS ARE SIGNIFICANTLY LOWER THAN NIS FIGURES.

B. USAF DOES, HOWEVER, INCLUDE A FIFTH AIRFIELD, HAHN, TO MAKE UP A TOTAL OF EXPENDITURE GREATER THAN THE IAU 12,101,000 WHICH WE HAVE COLLECTED FOR AIRFIELDS IN GERMANY.

C. IF THE OFFICIAL NATO FIGURES FOR THE FIRST FOUR AIRFIELDS (SUBPARA A, ABOVE) ARE CORRECT AND IF, AS STATED IN REF C, SOME DM 20 MILLION HAVE BEEN OFFSET AGAINST THE EDIP COLLECTION, IT WOULD APPEAR THAT, RATHER THAN BEING SOME IAU 1.2 MILLION OVERDRAWN, WE ARE ABOUT IAU 1,000,000 UNDERDRAWN AND, THEREFORE, THE SOME IAU 500,000 REMAINING DUE FOR HAHN MUST COME FROM NEW FUNDS.

D. REF C SHOWS ONLY SOME IAU 300,000 CHARGED AGAINST

THE IAU 1,951,000 COLLECTED FOR AVIANO AIR BASE IN ITALY,
WITH THE REMAINDER USED TO OFFSET THE ANOMALY CITED IN
SUBPARA C, ABOVE. IT SHOULD BE REMEMBERED, HOWEVER,
THAT THE FRG AND ITALIAN COLLECTIONS WERE MADE THROUGH
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THE PAYSHEETS OF THOSE INDIVIDUAL COUNTRIES AND THAT
TRANSFER BETWEEN THEM IS NOT POSSIBLE WITHOUT APPROPRIATE
ADJUSTMENTS THROUGH NATO'S ACCOUNTING PROCEDURE.
5. IN VIEW OF THE ABOVE, RECOMMEND THAT USAF
COMPTROLLER MEET WITH NIS IN AN ATTEMPT TO RECONCILE
THE AMOUNTS CHARGED TO EACH BASE AND TO ARRANGE FOR FINAL
NATO CHARGES THROUGH THE PAYSHEETS OF APPROPRIATE HOST
NATIONS. THIS COULD PERHAPS BEST BE DONE DURING THE
SHAPE INFRASTRUCTURE CONFERENCE, 10-14 OCT 77, WHEN ALL
PARTIES CONCERNED WITH BE IN THE BRUSSELS AREA.
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